MULTIMEDIA UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BEM2044 – THE ECONOMY OF MALAYSIA

(All Sections/Groups)

5 MARCH 2018
2.30 pm- 4.30 pm
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. Including the cover page, this question paper consists of **FIVE (5) pages** of Section A and Section B questions.
2. Section A consists of **ONE (1)** case study and Section B consists of **THREE (3)** structured questions.
3. The marks for each question are given at the end of each question. The total marks for this examination are 100.
4. Answer **ALL** questions in the answer booklet provided.

SECTION A: CASE STUDY (40 MARKS)

Tourism a key economic sector at these difficult times

Idris Jala, The Star Online, Monday, 11 Apr 2016

When times are tough, some industries can be more resilient than others. Tourism is one such sector.

Malaysia has plenty to offer tourists – whether it is about exploring the Mulu caves in Sarawak, diving off Pulau Tioman, shopping at the Pavilion, attending a literary festival in the quaint streets of George Town, Penang or just soaking up the sun in Pulau Langkawi.

Boasting a wide range of attractions, it is easy to surmise that Malaysia's tourism industry can thrive despite the occasional global socio economic challenges.

As part of Malaysia's growth plan towards high income status, tourism was selected as one of the National Key Economic Areas (NKEA) under the National Transformation Programme (NTP) in 2010. It was envisaged to be a quick win in terms of drawing in tourist spending. Recognising this potential, we drew up a detailed implementation programme on how ambitious yearly targets running up to 2020 would be met.

The tourism industry is expanding at a tremendous pace. In 2015, tourism was the second highest private investment contributor at RM24.5bil and the third largest GNI contributor at RM67.1bil.

This year, we are aiming to attract 30.5 million tourists to our shores from 25.7 million, contributing RM103bil worth of tourist receipts from RM69.1bil.

In parts of implementing the programme over the last five years, we had found that the absolute number of tourists arriving could be further maximised, as we saw an evident 6% drop last year in 2015. One of the key factors was the exacerbated haze problem. Something had to be done to sustain this industry or our NTP targets will not be achieved and that would not be a good outcome for our economy come 2020.

The Government made a conscious effort to get to the bottom of the problem, identify issues and figure out solutions to attract tourists back to Malaysia again. As a result, the Tourism and Culture Ministry sponsored a 6-week lab early this year, which included sectoral and industry players. Here, we revisited the plans made in 2010 to determine what worked and what did not.

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We found that we have been losing a huge number of Chinese tourists to other countries over the past few years, while Thailand was seeing an uptrend of Chinese tourists. This was because we had a complicated visa process for them. Thailand, on the other hand, had eased entry requirements.

We have since eased the entry of Chinese tourists. Chinese tourists visiting the country for under 15 days would not need a visa to enter Malaysia between March 1 and Dec 31, 2016. We also proposed to fast track the implementation of the e-Visa system, which was deemed more convenient as it allows tourists to apply directly online and this has also been made operational since March 1. All these are done with compliance with our security priorities surrounding our immigration process.

Additionally, lab participants also agreed to focus on new initiatives to attract top carriers in the world to use Malaysia as an Asean hub. Focus will also be put to encourage airlines to ply new overseas routes as well as targeted promotions to increase travel inflow.

Overall, the lab proposed 65 initiatives, of which 25 are new. More specifically, lab members explored about 40 opportunities to improve current initiatives, expanding coverage and developing new offerings, facilities and incentives. Led by the private sector, Malaysia is expected to unlock RM2.7bil worth of further investments in order for us to attain our 2020 target of attracting 36 million tourists and in the process, raking in RM168bil worth of tourist receipts.

For industry players, there are three important areas that we must focus on to get tourism back on track.

First, we must deliver a hassle-free experience to tourists to begin with. All segments of the industry must think of alleviating stress factors for travellers whether it is the airline, the airport, immigration, transportation or accommodation services providers. People who enjoy a seamless and hassle-free holiday will spread the good word.

Second, the authorities should be more open and tolerant to activities that appeal to tourists such as concerts featuring international artistes, performances and even art shows. We must see tourists for what they are – people who are looking to have an enjoyable holiday. I am not saying there need not be limits, but let us not drive them away from Malaysia because we are too rigid in catering to their interests.

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Lastly, products and services must be top-notch. For example, tourist guides must be good story-tellers, having had adequate training to handle tourists with the utmost sense of professionalism. Taxi drivers are possibly first point of contact for many of our tourists, making them as ambassadors of our Malaysian hospitality. Therefore, integrity and the desire to deliver top notch services must be their priority while leveraging on their deep knowledge of the city. Holiday packages though competitive, must not compromise on quality of the experience of the tourist.

I am reminded of this time when I was at Malaysia Airlines, when the team was trying very hard to figure out how our planes as national flag-bearers of the country could symbolise the warmth and generous hospitality often associated with our culture. After many discussions, we realised that we had been staring at the answer for the longest time. The code for our flights begins with MH and up till then it was nothing, just part of a code.

And that was how we landed the tagline "Malaysian Hospitality" – a simple expression anchored in gravitas to truly convey the Malaysian way. It brought new meaning to the work we did and everyone in the company – engineers, pilots, stewardesses, management or ground crew – embodied its very spirit in the areas of their work.

If all Malaysians could come together to embrace this spirit of Malaysian hospitality as we receive tourists from all over the world, I am convinced that our tourism industry will realise their aspirational targets. Whether it is simply recognising signs that a tourist is lost and pointing them in the right direction, introducing them to local delicacies or explaining our culture, it is important that we realise it is within us to be able to make it a better experience for them.

So the next time you come into contact with a tourist, I hope you'll remember that you're another flag-bearer representing Malaysian hospitality.

Read the above article and answer the following questions:

a) *"As part of Malaysia's growth plan towards high income status, tourism was selected as one of the National Key Economic Areas (NKEA) under the National Transformation Programme (NTP) in 2010"*

List the **TWELVE (12)** NKEAs. (12 marks)

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b) *"For industry players, there are three important areas that we must focus on to get tourism back on track."*

Based on the statement above, explain the **THREE (3)** important areas as suggested by the article that we must focus on to get tourism back on track. (12 marks)

c) List and explain any **FOUR (4)** positive socio-economic impacts of tourism in Malaysia. (16 marks)

SECTION B: STRUCTURED QUESTIONS (60 MARKS)

Question 1 (20 marks)

a) Give **TWO (2)** main reasons why the Malaysia government introduced New Economic Model (NEM). (4 marks)

b) List and explain any **FOUR (4)** initiatives to develop Malaysia's agricultural sector. (16 marks)

Question 2 (20 marks)

a) Explain any **TWO (2)** advantages and **TWO (2)** disadvantages of Foreign Direct Investment (FDI). (12 marks)

b) State and explain any **TWO (2)** strategic and operational shifts that are required in Malaysia Education Blueprint. (8 marks)

Question 3 (20 marks)

a) Discuss any **FOUR (4)** remedial actions taken by Malaysia government to overcome Asian Financial Crisis in 1997. (8 marks)

b) List and explain any **TWO (2)** reasons for economic integration. (8 marks)

c) List the **TWO (2)** strategies of Malaysia's National Telecommunication Policy that span between 1994 and 2020. (4 marks)

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